

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

<p>Those Certain Companies and Those Certain Underwriters at Lloyds, London, Subscribing Severally but not Jointly to Policy of Insurance Certificate Number NA3471501, as Subrogors of David Morris International Limited,</p> <p style="text-align: right;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>6.21 CARAT DIAMOND,</p> <p style="text-align: center;">Defendant-in-rem,</p> <p>Jay Waldmann,</p> <p style="text-align: center;">Claimant-Defendant.</p>	<p><b>Affidavit in Support of Motion for Declaratory Judgment and Order on Default</b></p> <p>Case No. 08-CV-2006 (SHS)</p>
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UNITED KINGDOM                )  
                                    )  
                                    ss.:  
                                    )  
 LONDON                         )

**Leslie. M. Turner**, being duly sworn, deposes and states:

1. I am assistant claims adjuster for Marlborough Underwriting Agency Ltd at Lloyds, and handle the claim for the defendant-in-rem 6.21 carat diamond at issue in this litigation (the "Diamond"). As such, I am fully familiar with the facts as set forth herein based on my review of the file and records and my involvement and handling of this matter.

2. I submit this Affidavit in support of plaintiffs' Those Certain Companies and Those Certain Underwriters at Lloyds, London, Subscribing Severally but not Jointly to Policy of Insurance Certificate Number NA3471501, as Subrogors of David Morris International Limited (the "Insurers") motion for a declaratory judgment and order on default against defendant Jay Waldmann: (1) Declaring that the defendant has no right, title or interest in or to the Diamond, and that all right, title and interest in and to the Diamond is vested exclusively in

the Insurers; (2) Ordering that the Diamond be turned over immediately by GIA to the Insurers, the rightful owners of the Diamond as subrogors of David Morris; (3) Imposing a constructive trust on the Diamond; (4) Ordering the defendant to produce, in writing, any and all information in his knowledge or possession regarding the identity of the person from whom or the entity from which he purchased the Diamond; (5) Awarding the Insurers the costs and disbursements of this action; and (6) Awarding the Insurers such other and further relief as the Court deems just and proper.

**Factual History**

3. David Morris International Ltd. ("David Morris") maintains a high-end jewelry store at 24/25 New Bond Street, London, United Kingdom. David Morris purchased the Diamond from G. Music and Sons Limited, 63-66 Hatton Garden, London, for a purchase price of \$111,500.00, in November 2000. A copy of the invoice from that sale is attached as

**Exhibit A.**

4. Before David Morris purchased the Diamond, it had been graded and registered with the Gemological Institute of America ("GIA"), which assigned the Diamond GIA number PD1846 and issued a corresponding diamond grading report number 11326214 on October 16, 2000 (the "Report"). A copy of the Report is attached as **Exhibit B**. The G. Music and Sons invoice bears the numbers PD1846, corresponding with the same number on the Report. *See Exhibits A and B.*

5. The Report stated that the diamond weighed 6.21 carats and measured 12.69mm x 9.35mm x 5.84mm. The report further stated that the diamond's depth measures 62.5%, its table measures 56%, its polish and symmetry were classified as "good," its clarity was classified "WS1" and its color was classified "E." *See Exhibit B.*

6. After purchasing the diamond, David Morris inventoried the piece in its collection under Stock Card number 11-21-849 on November 15, 2000. A copy of the Stock Card is attached as **Exhibit C**. The Stock Card lists work performed on the diamond in David Morris' workshop and a breakdown of the amount of the labor costs. It indicates that labor was performed on the Diamond while setting it in a platinum ring. *See Exhibit C.*

7. On December 29, 2001, at 11:15 a.m. two masked thieves smashed the front glass window of David Morris' New Bond Street store with sledge hammers and stole several pieces of jewelry from the window display (the "Theft"). A December 30, 2001 article from the *BBC News*, and a January 10, 2002 article from the *Evening Standard*, both describing the details of the Theft, is attached as **Exhibit D**.

8. The Diamond, set in a platinum ring at the time, was stolen, along with five other rings, a diamond necklace and a white gold and diamond bracelet-watch. *See Evening Standard* news article, at **Exhibit D**. The stolen jewelry was estimated to be worth almost £4 million. *See Exhibit D.* David Morris employees present at the time of the theft and British authorities pursued the thieves, but were unable to apprehend them. *Id.*

9. Before the Theft, David Morris acquired insurance policy number NA3471501 through Heath Lambert Limited, with a policy period of July 1, 2001 to June 30, 2002 (the "Policy"). A copy of the slip from the London market is attached as **Exhibit E** and a copy of the Policy is attached as **Exhibit F**. Several different companies and Insurers subscribed to the policy, sharing the risk severally, not jointly. *See "Several Liability Notice", at Exhibit E.*

10. The Policy covers "all risks of physical loss of or damage to the insured valuables from whatever cause arising." *See "Risks Covered" at Exhibit F, page 1.* The section entitled "Property Insured" states that the Policy covers "'Stock' . . . including jewelry, diamonds,

precious stones of any sort whatsoever, gold or silver or ornaments or plates, pearls and/or merchandise and material usual to the conduct of the Assured's business . . . from the time the Assured acquires an interest therein . . . whilst anywhere in the world in transit or at rest." *See Exhibit F*, page 1. The Schedule of Assureds includes "David Morris International Ltd." *See "Schedule of Assureds" at Exhibit F*, page 10.

11. After the Theft, David Morris tendered a claim under the Policy for the stolen items. The Insurers consequently performed an extensive audit of David Morris' books and records documenting the value of the stolen jewelry. A copy of the Final Report on Theft Claim by David Morris is attached as **Exhibit G**.

12. The Insurers paid \$2,498,807.38 and £50,245.58 to David Morris pursuant to the terms of a Form of Acceptance and Schedule of Stolen Jewelry and Watch Attaching to Form of Acceptance ("Form of Acceptance"). A copy of the Form of Acceptance is attached as **Exhibit H**. Under the terms of the Form of Acceptance, David Morris agreed that "upon payment of the said sum by the Interested Insurers they will become subrogated to all our title, rights and interests in the items subject of the attached schedule and in any damages or monies recoverable in respect thereof in respect of salvage or otherwise whatsoever." *See Exhibit H*.

13. To the knowledge of the Insurers, no one has apprehended the thieves or recovered any of the stolen jewels to date.

#### Recovery of the Diamond

14. The Insurers were first notified by telephone on or about July 17, 2006 that GIA had recovered a diamond that may have been part of the jewelry stolen in the Theft from David Morris on December 29, 2001. *See e-mails dated July 19 and July 24, 2006, attached as Exhibit I.*

15. The July 19, 2006 e-mail attached a letter wherein David Morris requested that GIA register in it's stolen database the stones stolen from David Morris in the Theft. The letter attached a list of the stolen stones with their corresponding GIA numbers. See **Exhibit I**. Included on the list is the Diamond, listed at 6.21 carats, certified on October 16, 2000.

16. The Insurers then received a letter dated July 24, 2006 from DLA Piper, attorneys for GIA, acknowledging that GIA had received a claim of ownership for the Diamond from David Morris "through its insurer, the Heath Lambert Group" (broker who issued the Policy for the Insurers). A copy of the July 24, 2006 letter is attached as **Exhibit J**. The letter further indicated that there was a competing claim of ownership by the "Submitting Client" and sought the consent of David Morris and Heath Lambert to disclose their identities and contact information to that Submitting Client. GIA indicated that it was seeking similar permission from the Submitting Client.

17. GIA's counsel sent a letter dated January 24, 2007 to both David Morris and Robert Tucker, Esq. (as "*Counsel for Jay Waldmann*") confirming that the two parties had competing claims of ownership for the Diamond. See letter, attached as **Exhibit K**. The letter references two numbers, one of which – 11326214 – corresponds to the number on the Report, at **Exhibit B**.

18. The Insurers assert their rights as the subrogated owners of the property listed on the Form of Acceptance, which includes the Diamond, and claim superior right, title and interest in and to the Diamond as against any other claimant, including Mr. Waldmann. See Schedule at **Exhibit H**.

19. However Mr. Waldmann acquired the Diamond, he does not have proper legal title, as the Diamond was stolen, along with many other valuable jewels, from David Morris.

The Insurers also believe that Waldmann is likely to possess information that may lead to the recovery of the other stolen jewelry.

WHEREFORE, the Insurers respectfully request that this Court grant a judgment on default against the defendant: (1) Declaring that the defendant has no right, title or interest in or to the Diamond, and that all right, title and interest in and to the Diamond is vested exclusively in the Insurers; (2) Ordering that the Diamond be turned over immediately by GIA to the Insurers, the rightful owners of the Diamond as subrogors of David Morris; (3) Imposing a constructive trust on the Diamond; (4) Ordering the defendant to produce in writing to the Insurers any and all information in his knowledge or possession regarding the identity of the person from whom or the entity from which he purchased the diamond; (5) Awarding the Insurers the costs and disbursements of this action; and (6) Awarding the Insurers such other and further relief as the Court deems just and proper.

Dated: London, UK  
May 9, 2008



Leslie M. Turner

Sworn to before me this  
9<sup>th</sup> day of May, 2008

  
\_\_\_\_\_  
Notary Public  
Notary Public London, England (Ella E. Imison)

My Commission expires at Death

Imison & Co.  
Notaries Public  
City Tower  
40 Basinghall Street  
London, EC2 5DE  
Telephone: 020 7448 4860  
Fax: 020 7442 1511

**G. Music and Sons Limited**  
 63-66 Hatton Garden  
 London, EC1N 8LE  
 Telephone : 0207-404 4008  
 Fax: 0207-831 8346

# Invoice

VAT REG NO	TAX DATE	INVOICE NO
GB 577 6569 74	14/11/00	2384

**INVOICE TO**

DAVID MORRIS INTL LTD  
 4TH FLOOR  
 24/25 NEW BOND STREET  
 LONDON W1Y 9HD

DESCRIPTION	AMOUNT
USD2225 1 EMERALD CUT DIAMOND 6.21ct	ALL AT 111,500.00
G.I.A E V.V.S.1.	0.00
TERMS 45 DAYS	
VAT ON STERLING INV VAT 196	21/11/2000
BHT33	
JV 40% = Trivente 0973 21/11/2000	
10% = Old. 0974 21/11/2000	
CHECKED 23 NOV 2000	
Dealers and manufacturers in fine jewellery, Diamonds and Coloured Stones	SUBTOTAL 111,500.00
	VAT TOTAL 0.00
	Total £111,500.00

All Goods To Remain The Property of G. Music and Sons Ltd. until Paid in Full.

Whilst every care and precaution is taken to prevent accidents, no responsibility can be attached to us for any damage to customer's stones whilst in the process of being worked upon

Piece 11-21-849 Material Picture :

Caption PD1846 Description WHITE DIAMOND EMERALD CUT 6.21cts VVS1 File PD1846.jpg



**GIA**  
GEM TRADE LABORATORY

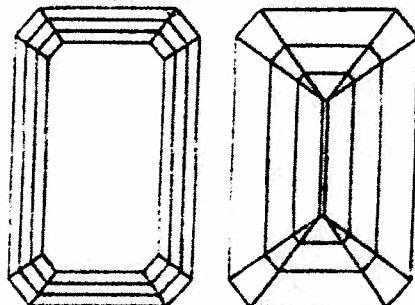
**DIAMOND GRADING REPORT**

GIA REPORT 11326214

October 16, 2000

  
67833101
Shape and Cutting Style **EMERALD CUT**Measurements **12.69 x 9.35 x 5.84 mm**  
Weight **6.21 carat****Proportions**Depth **62.5 %**Table **56 %**Girdle **THIN TO THICK**Culet **SMALL****Finish**Polish **GOOD**Symmetry **GOOD**Clarity Grade **VVS1**Color Grade **E**Fluorescence **NONE****Comments:****NONE**

GIA CLARITY SCALE	GIA COLOR SCALE	
	NUMBER	NAME
FLAWLESS	0	D
IF1	1	E
IF2	2	F
VS1	3	G
VS2	4	H
SI1	5	I
SI2	6	J
SI3	7	K
SI4	8	L
SI5	9	M
SI6	10	N
SI7	11	O
SI8	12	P
SI9	13	Q
SI10	14	R
SI11	15	S
SI12	16	T
SI13	17	U
SI14	18	V
SI15	19	W
SI16	20	X
SI17	21	Y
SI18	22	Z

**KEY TO SYMBOLS**

- Pinpoint
- Extra Facet

**IMPORTANT DOCUMENT. STORE SAFELY.**

© 1999 GIA - GEM TRADE LABORATORY OF AMERICA, INC.

STOCK CARD FOR PIECE CCODE: 11-21-849

Type: SSS Programmer: FS WIP Code: 84433 Origin: UK Status: S  
 Description: EMERALD CUT DIA PLAT RING WITH EMERALD CUT DIA SHOULDERS  
 Carton Weight: 15 Entered: 16/11/00 Warehouse: 2 Transferred: 20/11/00  
 Client: STOLEN \*\*\* NOT ON FILE \*\*\* Sold Invoice No:  
 Standard Cost: 77645.89 Fixed: False Export Price: 163057 RRSP: 195000 Flag:  
 Currency Breakdown: Labour Costs in Sterling 1522.56  
 \$ 113959.99 £ 150.00

Stock (Material) Code & Description	Qty	Currency	£ Cost
PD1846 WHITE DIAMOND EMERALD CUT PLAT PLATINUM	6.21	\$ 17954.91	74333.33
W.D.E. WHITE DIAMOND EMERALD CUT	10.00	£ 15.00	150.00
	STR001	\$ 2000.00	1640.00
		TOTAL:	76123.33

Materials Breakdown:

PD1846 GIA 6.21 EW/S1

WDE 7.44

Operator Name	Operation	Lab Cost	Recovery	Latest
JW JOHN WATES	POL POLISHING	25.00	12.50	20/11/00
KM KEITH MILNER	SET SETTING	60.00	30.00	22/11/00
MT MARK THOMAS	CUT CUTTING	25.00	12.50	01/12/00
SP STEVE PICKERING	MTG MOUNTING	528.24	829.32	21/11/00

Labour Cost Adjustment: 0

Totals:	638.24	884.32
Total Labour:	1522.56	

Labour Cost Breakdown:

CUT 37.50 MTG 1357.56 SET 90.00 POL 37.50 OTH

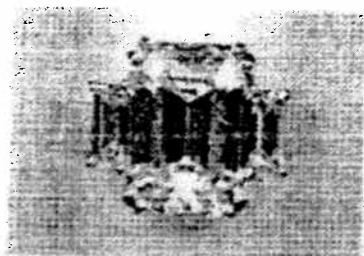
*overhead rate*  
*so*

*applied rate*  
*to hours*

*for own*  
*employees*

*6.21 x 37.50 = 232.50*

Caption: 11-21-849 Description: plat ring em cut



CATEGORIES TV RADIO COMMUNICATE WHERE I LIVE INDEX SEARCH

Go



You are in: UK: England

Sunday, 30 December, 2001, 13:39 GMT

## £3m raid on exclusive jewellers



Luxury items were grabbed from the window display

**BBC SPORT**

**BBC Weather**

Gems believed to be worth more than £3m have been stolen by two raiders who smashed their way into a top London jewellery store.

### SERVICES

Daily E-mail      Luxury items were grabbed from a window  
News Ticker      display of David Morris Jewellers in New Bond  
Mobiles/PDAs      Street, central London, on Saturday morning,  
Feedback      Scotland Yard said.

Help

Low Graphics      The raiders, both described as white, ran off  
in the direction of Old Bond street and through  
the Royal Arcade before escaping in a nearby  
car.

Clients of the store are said to include pop  
star Elton John and David and Victoria  
Beckham.

The audacious theft comes just days after an  
armed gang targeted Harvey Nichols - one of  
the capital's most famous stores - escaping  
with gems valued at less than £160,000 on  
Christmas Day.

Masked gunmen tied  
up and blindfolded two  
security guards after  
entering the store in  
Knightsbridge, central  
London, through a  
staff entrance.

No-one was injured as

### See also:

27 Dec 01 | England  
Harvey Nichols reopens  
after raid

26 Dec 01 | England  
Armed raid at Harvey  
Nichols

27 Jun 01 | UK  
Cartier watches stolen in  
£4m raid

### Internet links:

Harvey Nichols  
Metropolitan Police  
David Morris

The BBC is not responsible for  
the content of external  
internet sites

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drugs scheme  
Police shoot man on the  
M6  
Leanne killer jailed for life  
IVF mix-up heads for  
court  
Inquiry into warship  
accident  
Britain 'sheltering al-  
Qaeda leader'  
Venables named Leeds  
boss  
Transplant first for cancer  
patient

Links to more England  
stories are at the foot of  
the page.

a result of the raid and the store reopened its doors on Thursday to launch its winter sale.

A Scotland Yard spokesman said staff from David Morris were believed to have set off a panic alarm, before pursuing the robbers and taking down the suspects' car registration number.



The raiders smashed their way into the store

He added: "Because of their quick thinking, police have now found the abandoned getaway vehicle, which is believed to have been stolen."

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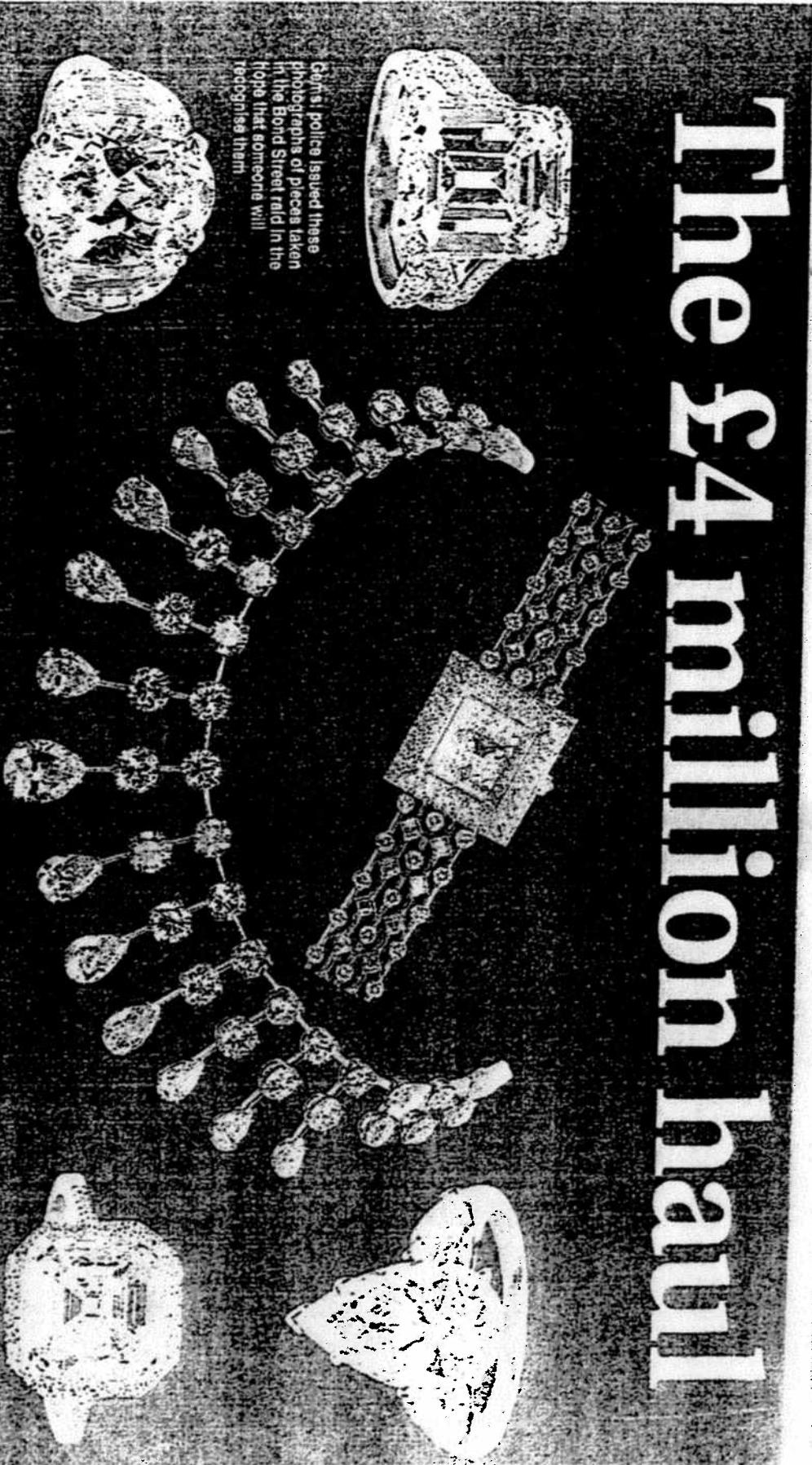
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# The £4 million haul

Evening Standard Thursday 10 May 2001

Gems! police issued these photographs of pieces taken in the Bond Street raid in the hope that someone will recognise them.



By Philip Nettleton

IT IS probably Britain's biggest smash-and-grab raid. Last month thieves stole almost £1million worth of jewels from a Bond Street shop in front of hundreds of people in broad daylight. But it was just the latest in a series of robberies as the West End experienced a significant increase in raids on jewellers in

## Police warning over spate of jewel thefts

PRIVILEGE

of people in broad daylight.

But it was just the latest in a series of robberies as the West End experienced a significant increase in thefts on jewellers by organised gangs. It happened today.

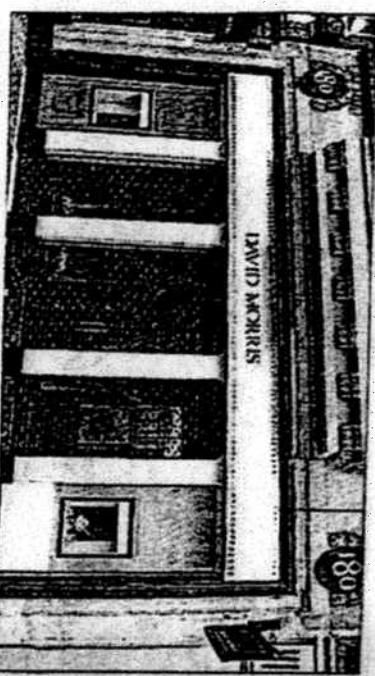
The revelation came as police announced a £100,000 reward for the jeweller's return and released photographs of some of the gang who stole from the David Morris shop in Bond Street ... whose customers include David and Victoria Beckham, Sir Elton John and members of the royal family.

The most expensive piece, valued at £1 million, is a diamond necklace.

Two white men used steel-gummers to break the window display and snatched jewels before making off in a car just before 11am on 29 December.

Staff at the shop, which supplied the jewels for the James Bond film Diamonds Are Forever, chased the thieves and got the registration number of the grey Nissan Sunny getaway car. It had been stolen a few days earlier and was found abandoned in Curzon Street an hour later.

In the劫中 was a £10,000 white gold watch, with a diamond encrusted surround, and four diamond platinum rings. A Met Police spokeswoman said: "If dealers' have been offered these beautiful jewels we need them to return home." It is feared the necklace has been broken up into separate pieces, which would lower its value. David Morris said a flawless yellow diamond ring was valued



£100,000 and an oval diamond ring was worth £100,000.

Mr Morris said today: "I fear the diamonds will be repolished and re-certified and will have gone abroad, probably to America, Israel or Russia. It is very unlikely they will have stayed in Britain."

"They were exceptional pieces, all fantastic. I think it was an open-and-shut job and they knew exactly what they were after."

The David Morris raid follows a string of brazen thefts from jewelers and antique and art dealers. Flying Squad officers are looking at the possibility the raid was linked to a £100,000 jewel theft from Harvey Nichols' department store on Christmas Day.

An art dealer in New Bond Street recently had a £15,000 George

Richmond painting stolen. The

thieves were captured on CCTV

taking the work from the wall and

morning on 0800 555 111.

walking out of the Fine Art Society gallery with the painting in a designer carrier bag.

In October a £25,000 brooch was grabbed from a window display at a shop in Piccadilly Arcade.

Earlier this month burglars crept across rooftops to steal £260,000 worth of Far Eastern artefacts.

And New Bond Street jeweller Bentley and Skinner has been hit twice in the past year. Last month

the Evening Standard revealed how traders in Hatton Garden had called in a squad of former SAS men to carry out patrols.

"There was a 35 per cent rise in thefts from jewellers last year. The number of raids has doubled from 21 in 1998 to 42 last year.

Anyone with information about the David Morris raid should ring the Flying Squad on 0800 827 7652 or Crimestoppers anonymously on 0800 555 111.

## Ken 'backs down' on new Thames crossing

THE MAYOR has been accused of a U-turn on

now the Greater London Authority is arguing for a crossing at Dartford to relieve pressure on the

anti-road campaigners claim that, at an election hustings 18 months ago, Ken Livingstone said a

spokesman for People Against The River Cross

over my dead body". But

now he is

arguing for a new crossing

at Dartford to

relieve pressure on the

environment. It is also a

major betrayal of a

pledge he gave before he

was elected."

A GLA spokesman said

crossing "overwhelm-

ingly" backed.

ing, said: "Not only is

Ken's support for this crossing really opposed the

new road bridge disastrous environmental and cost grounds.

Since then, however,

likely economic benefits

and proposals to limit

environmental harm

made the case for a new

crossing "overwhelm-



**PRIVATE EYE**  
ON SALE NOW - £1.20

POLICY NO.	NA3471501	839 HLL
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# O Heath Lambert Limited

I.L.U

Assured:	DAVID MORRIS INTERNATIONAL		
Reassured:			
Related Sips / Reinsurances			
Renewal of:	Renewal Date:		
Number of Sips:	Amount Written Hereon	Total Amount Written	Signing
1	100%	100%	

FOR L.P.S.O USE
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FOR L.I.R.M.A USE
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FOR I.L.U. USE	B0839N0131484 PMC 01 158249 12 10 50.9259% GBP 37557.85
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POLICY NO.	NA3471501	839 HLL
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( ) Heath Lambert Limited  
LLOYDS.

Assured:	<i>DAVID MORRIS INTERNATIONAL.</i>		
Reassured:			
Related Slips / Reinsurances			
Renewal of:		Renewal Date:	
Number of Slips	Amount Written Hereon	Total Written	Signing
1	100%	100%	

FOR L.P.S.O USE <b>2406789K</b>	
21421*05-10-2001 OI	
UW67	
FOR L.I.R.M.A. USE	
FOR I.L.U. USE	

Page 1

Heath Lambert Limited		839 HLL										
POLICY NO.	REF NO.											
UNIQUE MARKET REFERENCE												
<table border="1"> <tr><th colspan="3">SLIP REGISTRATION</th></tr> <tr><td>LLOYDS</td><td>ILU</td><td>LIRMA</td></tr> <tr><td></td><td></td><td></td></tr> </table>			SLIP REGISTRATION			LLOYDS	ILU	LIRMA				
SLIP REGISTRATION												
LLOYDS	ILU	LIRMA										
BINDING AUTHORITY REGISTRATION NO. & DATE		RISK CODE(S)										
		ENJB										
D.T.I. CODE <i>S</i>	TOC TRIBUNAL	TERMS OF SETTLEMENT										
		<table border="1"> <tr><th>SETT</th><th>DUUE</th><th>DATE</th><th>DEF</th><th>ADJ</th></tr> <tr><td>10</td><td>10</td><td>10</td><td>01</td><td></td></tr> </table>	SETT	DUUE	DATE	DEF	ADJ	10	10	10	01	
SETT	DUUE	DATE	DEF	ADJ								
10	10	10	01									
ASSURED/ACCOUNT		ADJUST SCHEME										
		YES <i>✓</i> NO <i>X</i>										
USB <i>NUS / US</i>	COUNTRY OF ORIGIN <i>UK</i>	VAT										
OVERSEAS BROKER (NAME AND ADDRESS)												
CURRENCY	SIGNED LINE %	GROSS PREMIUM										
		IN ALL	WAR ONLY									
TOTAL	100	36192.15	43450									
LLOYD'S	49.0741		<i>✓</i>									
ILU												
LIRMA												
OTHER COMPANIES												
FOR FUTURE USE												
C.P.A.		SERIAL NO.	CERTIFICATE NOS									
YES	NO											
EC CCI	EC ESTABLISHMENT	EC SERVICES	EC N/A									
BUREAU SCHEME NO.		BROKERS COVER NO.										
WRITTEN LINES	% PART OF ORDER WHOLE	ORDER	CLOSED FOR									

Market Agreements

Leading Underwriters Agreement (N.M.A.)  
 Leading Underwriters Agreement (Lineslips)  
 C.L.U.A. (92), C.A.I.C. (92)  
 L.U.A.M.C.  
 L.U.A.M.H.  
 L.U.A.G.M.  
 LAUA Leading Underwriter Clause AVS. 100A

Brokers Clauses

P.T. Clause (N.M.A.)  
 Increases in sum insured up to 10% of written lines to be agreed. Leading Underwriter only  
 Resignings, Offslips, signing slips and premium adjustments (if required) to be agreed leading underwriter only  
 Adjustments to be taken down without being initiated by underwriters  
 Agree letters of credit as required  
 Agree waive sight of original signed policy in respect of mid term cancellation of coverage  
 Brokers payment of premium and cancelling clause  
 Underwriters pay tax if applicable in accordance with NMA regulations  
 L.P.C. authorised to sign and seal treaty wording as agreed by leading I.U.A. company  
 Agree to hold covered renewals or extension in period of up to 30 days on agreement of leading underwriter only

Policy Agreement Clauses

Agree sign renewal policy if presented without production of expiring slip and/or policy  
 L.P.C. authorised to sign direct policy documents prior to premium payment in accordance with I.U.A. early documentation scheme  
 Underwriters agree to sign policy "time on risk" without production of policy documentation subject to no known or reported losses  
 Wordings, specifications, clauses, warranties and schedules to be initiated by leading underwriter only  
 Agree, if required, to issue Lloyd's policy on CO form NMA 2074 following leading insurer hereunder  
 Agree sign slip policy if presented  
 Companies automatically authorise the leading company to sign policies on their behalf

All Underwriters subscribing hereto agree to conform with the above

Risk No.: N0131484

UMR: N0131484

Doc Ref: S06-AAH29647 (122)

Page: 2

TYPE All Risks

SLIP FORM J plus wording as agreed.

ASSURED ✓ DAVID MORRIS INTERNATIONAL LTD and/or for whom they have instructions or authority to insure as more fully described in the attached wording.

CONVEYANCE Any Conveyances and/or Air and/or Road and/or Rail and/or Personally Conveyed and/or Registered Post and/or Data Post and/or Air Freight and/or Any Conveyances and as more fully described in the attached wording.

PERIOD ✓ 1st July June 2001 to 30<sup>th</sup> June 2002 inclusive, 12.01 LST.

VOYAGE ✓ Worldwide.

INTEREST ✓ Stock and/or merchandise appertaining to the business of the Assured, as per wording.

LIMIT(S) ✓ GBP 20,000,000 any one loss and as per wording attached.

CONDITIONS As per the attached wording: *H. A. Hulme*

Terrorism

NMA 2551 (4.3.93).

✓ It is agreed that risks of United Kingdom Terrorism are included hereunder subject to a limit of GBP 10 million any one loss and in the aggregate during the annual Policy period.

✓ Deductible: GBP 15,000 each and every loss.

Re-instatement of coverage held covered at additional premium to be arranged.

Additional locations held covered at additional premium to be arranged.

Debris Removal Clause:

✓ This insurance is extended to cover, in addition to any other amount recoverable under this insurance, extra expenses reasonably incurred by the Assured for the removal and disposal, (including dismantling and/or demolishing and/or destruction and/or shoring and/or propping) of debris of the subject matter insured, or part thereof, by reason of damage thereto caused by an insured peril but excluding absolutely:-

Approved

.....

Risk No.: N0131484

UMR: N0131484

Doc Ref: S06-AAH29647 (122) Page: 3

1. any expenses incurred in consequence of or to prevent or mitigate pollution or contamination, or any threat or liability thereof.
2. the cost of removal of cargo from any vessel or craft.

In no case shall the insurers be liable under this Clause for more than 10% of the insured value for the damaged subject-matter removed.

X Errors and Omissions Clause:-

Unintentional errors or omissions in the making of declarations shall not invalidate this insurance provided steps be taken to rectify these as soon as they come to the notice of the Assured.

LSW 1001 Several Liability Notice

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

ANNUAL PREMIUM:

GBP 295,000 in full per annum, payable in four equal instalments, due First quarter payable within 60 days of attachment.

Insurance Premium Tax 5% of 50%

BROKERAGE:

Client Fee

Deductible

ADMINISTRATION FEE: GBP 5,000

ADM  
26.6.01.

£ 40,000 / US\$ 52,000

but £ 10,000 / \$ 12,500 subject to 4%

Outstanding advise 13.6.01 N.T.I.A. Subject  
full review of policy terms and conditions in  
the event of claim being presented.

18.5/85% 20%

X 1861  
BRM 6.01.

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Approved

...../.....

NO 131484 D. Morris Inc.

839/441

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20%

Page 4

CeJ 27/6/01

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Württembergische Versicherung AG

cc. final wdg.

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subject wording

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NO131484

D. MOREL INT'LHLL/839Page 5

X

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*327.01*

## DURATION OF COVER

This policy attaches 1<sup>st</sup> July 2001 and continues until 30<sup>th</sup> June 2002 both days inclusive and pays all losses occurring during this period. Losses occurring in transit shall be deemed to occur on the date of despatch.

## PROPERTY INSURED

This policy covers valuables defined as "Stock" including other people's goods, including jewellery, diamonds, precious stones of any sort whatsoever, gold or silver or ornaments or plates, pearls and/or merchandise and material usual to the conduct of the Assured's business, cash, banknotes or script, cheques and drafts, the proceeds of the sale of the stock or otherwise, whether the same be the property of the Assured or entrusted to him or them on sale or return or on approbation or for work to be done thereon or for safe custody or for any other purpose whatsoever, and other interest incidental to Assured's business.

The valuables hereon are covered from the time the Assured acquires an interest therein, and this insurance continues until that interest ceases, but in respect of sendings, cover continues until delivered to the premises of the party for whom they are intended or until the interest of the Assured ceases, whichever is the later.

## SITUATION

The valuables insured hereon are covered whilst anywhere in the world in transit or at rest.

## RISKS COVERED

This insurance covers all risks of physical loss of or damage to the insured valuables from whatever cause arising. Subject to the terms, conditions and exclusions of this Policy.

## EXCLUSIONS

This policy does not cover:

- I. Physical loss or damage by theft or dishonesty or dishonest deception committed by
  - (a) any servant or traveller or messenger in the exclusive employment of the Assured (except when conveying property insured to the Post) or
  - (b) any customer or buyer or broker's customer or agent in respect of property entrusted to them by the Assured, his or their servants or agents
 unless such physical loss or damage occurs when such property is deposited for safe custody by the Assured, his or their servants or agents, with such customer or broker's customer or agent
- II. Loss or damage directly or indirectly occasioned by, happening through or arising out of war, invasion, hostilities, acts of foreign enemy, civil war, revolution, rebellion, insurrection, civil strife or power, hereinafter called "War Risks" but it is agreed that in respect of valuables in transit by land or sea, this Policy shall include War Risks, subject to the terms and conditions of the appropriate Institute War Clauses attached hereto and Confiscation and Expropriation subject to the terms and conditions of the wording attached hereto.
- III. Loss or damage to property insured which may be sustained whilst the same is being actually worked upon and directly resulting therefrom.
- IV. Loss or damage (including loss or damage by fire or theft), directly or indirectly resulting from typhoon, hurricane, cyclone, volcanic eruption, earthquake, subterranean fire or other convulsion of nature (this exception applies only to the risks on land).

- V. Goods missing at stocktaking in respect of which no claim has been previously notified, unless the loss is proved by the Assured to be due to a peril covered by this Insurance.
- VI. Unexplained loss and mysterious disappearance.
- VII. Theft or disappearance of or from road vehicles of every description owned by or under the control of the Assured and/or his or their servants or agents or representatives unless at the time of loss or damage the Assured or his servant or agent or representative is actually in or upon such vehicle.
- VIII. Loss of or damage to property occurring through the operation of a peril against which, at the date of the happening of such loss or damage, the Assured, has effected separate insurance irrespective of whether or not such other insurance is liable to or does meet such loss.
- IX. Loss, destruction or damage directly occasioned by pressure waves caused by aircraft and other aerial devices travelling at sonic or supersonic speeds.
- X. The value of or the cost of reconstructing computer system software or data.
- XI. Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss.  
Any legal liability of whatsoever nature directly or indirectly caused by or contributed to, by or arising from –
  - i) Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
  - ii) The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
- XII. Loss or damage directly or indirectly caused by or resulting from wear and tear, gradual deterioration, inherent vice, latent defect, corrosion, rust, dampness of atmosphere, freezing or extremes of temperature, moth, vermin, insects, animals or insufficient or defective packing.

## CANCELLATION

The War and Confiscation and Expropriation Risks covered by this policy shall be subject to seven (7) days notice of cancellation, and riots, strikes and civil commotions risks (as defined in the Institute Clauses) in respect of external sendings from each country shall be subject to seven (7) days notice of cancellation but sendings to and from the United States of America, strike risks are subject to forty-eight (48) hours notice of cancellation for risks that have not lapsed.

Otherwise 60 days notice at any time.

## METHODS OF SENDING

Sendings to be made by:

1. Registered Airmail.
2. Airfreight shipped as valuable cargo with not less than 20% of insured value or £5,000 whichever is the greater to be declared to the airline and valuation charge paid thereon or as may be agreed from time to time.
3. Personal conveyance.
4. Airfreight despatched and controlled by professional security carriers.

5. Professional security carriers.

Sendings by other methods are held covered at rates to be agreed.

#### **BASIS OF VALUATION**

In the event of loss or damage the basis of settlement shall be:

The Assured's liability or the approval price in respect of goods entrusted to the Assured.

- a) The selling price in respect of goods sold but not delivered.
- b) Overseas trips the cost price, with the addition of 10% or cost price plus local taxes and/or duties, whichever the greater.
- c) Otherwise, the cost price, with the addition of 30%.

#### **LIMITS (Each and every loss or series of losses arising out of the same event)**

##### **Premises**

-	£2,000,000	Any One Loss at Selfridges.
-	£3,000,000	Any One Loss at Harvey Nichols.
-	£10,000,000	Any One Loss at 24/25 New Bond Street.
-	£10,000,000	Any One Loss at 180 New Bond Street.

Agreed to increase by £1,000,000 at any location for short periods (except 180 and 24/25 New Bond Street).

Agreed to increase by £10,000,000 at 24/25 or 180 New Bond Street for short periods prior to and after shipping and or exhibitions.

##### **Sending or Conveyance**

Registered Post	£50,000
Data Post	£50,000
Fed-Ex and/or UPS and/or similar overnight courier service (USA only)	£10,000 any one package
"Courier" Courier service	£5,000 any one package
Ferrari Techran and/or Valimpex	£500,000
Brinks, Malca Amit or Regency Security	£20,000,000
By any duly authorised member of staff or others	£500,000
Increased to (with respect of single items or suites)	£1,000,000
By any two duly authorised members of staff	£2,000,000
McCabe / Chalmers / Walton	£1,000,000

R Trumbo	£500,000/£1,000,000 (as above)
J F Ducas	£500,000/£1,000,000 (as above)
R Fawcett	£500,000/£1,000,000 (as above)
OLD (Okuniev Rami)	£4,000,000
D Morris, Mrs S Morris:} J Morris, I Rose, G Wooton}	£5,000,000
Increased to (when accompanied by one other authorised person)	£10,000,000
<b>Others</b>	
Out Workers	£100,000
Aurelia (PR Agency)	£500,000
Hudson Wright	£1,000,000
Supatana Atorn-Phati (PR Agency, Thailand)	£500,000
Occasions PR and Marketing (Hong Kong)	£500,000
Exhibitions	£20,000,000

#### **ENTRUSTMENTS TO THIRD PARTIES**

£2,000,000 any one Entrustee subject to the Entrusted signing an approbation/memo note which makes them responsible for the insured interest.

£1,500,000 any one third party in respect of private clients/celebrities and the like. Receipts are to be signed and recovery rights are to be maintained but it is noted agreed that these third parties do not sign approbation/memo notes.

#### **WAIVER OF RE COURSE**

It is agreed that Underwriters waive their rights of recourse against:

Banks, Security Companies, Christies, Sotheby's and Out Workers.

BUT only to the extent that the Assured has agreed to release such organisations from liability.

#### **DEDUCTIBLE**

This policy is subject to a deductible of £40,000 or US\$50,000 each and every loss or series of losses arising out of the same event. But £10,000 or US\$15,000 in respect losses from Selfridges or Harvey Nichols. BUT no deductible in respect of sendings (other than Personal Conveyances where the deductible shall apply).

#### **JURISDICTION -**

This Policy is subject to English Jurisdiction.

## OTHER CONDITIONS

It is a condition of this policy that:

1. If the Assured shall make claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Insurance shall become void and all claims hereunder shall be forfeited.
2. The Assured shall:
  - (i) Maintain and keep detailed records of all:-  
Purchases, sales and other related transactions including purchases and sales invoices  
Customers goods and goods of others in the jewellery trade; stock away from the premises, which shall be listed separately;
  - (ii) Maintain and keep all jewellers' memoranda and consignment agreements;
  - (iii) Take and record dated physical count inventories at not more than 12 (twelve) months intervals.The records and documents required shall be kept and maintained so that the underwriters and/or their designated representatives can accurately determine therefrom for each item, ownership acquisition date, the Assured's cost price, that sale price and date of sale, the estimated value of customer goods, the value of goods of others in the jewellery trade and the exact amount of any loss or damage without reference to the personal knowledge of the Assured or others and without reference to accounting calculations based upon information or materials other than a combination of the records required.
3. In the event of any loss of or damage to the insured property or occurrence which may give rise to a claim under this policy the Assured shall give immediate notice to the Underwriters.
4. Protection Maintenance Clause  
It is agreed that the whole of the protections provided for the safety of the insured property shall be maintained in good order throughout the currency of this Policy and shall be in use at all times out of business hours or when the Assured's premises are left unattended, and that such protection shall not be withdrawn or varied to the detriment of the interests of the Underwriters without their consent, as within the control of the Assured.

## 5. HOTEL/MOTEL CLAUSE

In respect of stay risks, this policy only covers the insured interest whilst in the hand or sight of the Assured and /or Assured's Employee(s) and/or Representative(s) or when deposited in a bank safe deposit vault or in the main safe of a hotel or motel and/or whilst in custody of customs. For the purpose of this clause coverage in respect of the insured interest whilst in a safe in a Hotel/Motel room will only be operative when it is occupied, including all losses from unattended Hotel /Motel rooms.

## 7. PERSONAL CONVEYANCE CLAUSE

This policy only covers the insured interest in transit where the "close personal custody and control" of an individual designated in this policy and subject to the individual limitations as specified in the schedule attached. For the purpose of this clause "close personal custody and control" means that the insured interest shall be held by, or attached to, or within sight and an arms length reach of the designated individual at all time whilst in transit, subject to the policy's Hotel/Motel Clause. A negligent or voluntary relinquishment of "close personal custody and control" of the insured interest by the designated individual will not constitute a loss for the purpose of recovery however and will result in an immediate cessation of coverage, subject to the policy's Hotel/Motel Clause.

## 8. EXHIBITION CLAUSE

This endorsement shall apply to all exhibitions outside the insured premises, whereat the Assured displays insured property.

It is a **condition precedent** to coverage under this policy that the Assured comply with all of the terms and conditions of this endorsement. If the Assured violates any of the terms and conditions of this endorsement, the Assured's right of recovery hereunder shall be entirely void and no claim will be paid.

1. At all times whilst the property of the Assured (and/or property for which the Assured is responsible) is not being displayed and/or prior to or after exhibition hours:

- a) The property shall be kept in a locked vault or security room within the exhibition hall (said security room shall be previously approved by the show organiser).

Or alternatively,

- b) If the Assured removes the property from the exhibition hall, it must be deposited in either a banks deposit vault, the safe of a firm in the jewellery trade or the main safe of a hotel/motel.

2. It is understood and agreed that there will be coverage for property of the Assured (and/or property for which the Assured is responsible) display at an exhibition only if, at the time such physical loss or damage occurs, either:

- a) The property was displayed in a showcase(s) that was (were) locked with the key(s) removed;

Or

- b) The property was being shown to a customer by the Assured or by an officer/employee of the Assured who, at all times, maintained physical contact or visual sight of the property;

Or

- c) The property was being placed in, removed from or arranged within the showcase(s) by the assured or by an officer/employee of the Assured who, at all times, maintained physical contact or visual sight of the property

## 9. PRIVATE DWELLING HOUSE CLAUSE

It is agreed and understood between parties that whenever any insured goods are taken home by the Assured and/or his representatives, these goods have to remain under the personal and permanent supervision of an adult person and/or to be locked in safe at private dwelling house.

## 10. LOCKED SHOWCASE CLAUSE

(Applicable to Assureds Retail Premises)

This insurance excludes loss of or damage to property displayed in a showcase(s) unless at the time such loss or damage occurs, either:

- a) The showcase(s) was (were) locked and the key(s) removed.

Or

- b) The showcase was open and attended by and within the sight and control of the Assured or an officer/employee of the Assured or a person named and identified in the policy as an agent of the Assured for the purpose of placing in, removing or arranging or showing to a customer stock covered under the terms of the policy.

**11. INVALID PAYMENTS EXCLUSION CLAUSE**

Notwithstanding anything contained herein to the contrary, this policy excludes any claim in respect of the property insured, where the loss has been sustained by the Assured consequent upon handing over such insured property to any third party against payment by:

- a) Cheque, Banker's Draft, or any other form of Money Order, where such Cheque, banker's Draft or other form of Money Order, shall prove to be false, fraudulent or otherwise invalid or uncollectable for any reason whatsoever.
  - b) Cash, currency or Bank Notes, which prove to be, counterfeit, false or otherwise invalid for any reason whatsoever.
  - c) Credit Card, where the use of the same has been false, fraudulent or invalid, or when payment of the amount due is uncollectable for any reason whatsoever.
12. In case of loss of or damage to property of others entrusted or delivered to the Assured for which claim is made hereunder.

The underwriter shall have the right, at their sole opinion to adjust such loss or damage with:

- (i) the owners of the property or
  - (ii) The Assured, who will assume all responsibility to the owner of the property and release, in writing, the Underwriters of all responsibility to the owner.
- (a) the Assured agrees that:-
- (i) the signature of the owner of the property on a release or receipt as required by the underwriters in satisfaction of settlement by the underwriter shall fully satisfy any claim of the Assured for the loss of or damage to property of others;
  - (ii) Should the Assured receive payment from the Underwriters for the loss of or damage to property of others the Assured will release the underwriters of any responsibility to the owner of the property and hold the underwriters harmless from any claims brought by the owner.
- (b) The owners of such property are not insured or Assured's under this policy nor are any dependents or beneficiaries of this policy. This insurance is only for the Assured's benefit, and this Condition 3 only refers to the Assured's risk for loss or damage to property of others.
13. In the event that any legal proceedings are taken to enforce a claim against the Assured in respect of any loss of or damage to the property of others which is insured under this policy, the Underwriters reserve the right at their sole option, without ceasing to the Assured to conduct and control the defence on behalf of and in the name of the Assured. No action of the Underwriters shall increase the liability of the Underwriters under this policy nor increase the limits of liability specified in the schedule.
14. In case of any loss or damage of any kind whatsoever, it shall be lawful and necessary for the Assured, the Assured's factors, servants or assigns to sue, labour and travel for, in and out the defence, safeguard and recovery of the insured property or any part therefore without prejudice to this Insurance or waiver of the Assured's rights hereunder. No act or acts of the Assured, the Underwriters or their representatives in recovering, saving or preserving the insured property in case of loss or damage shall be considered a waiver or an acceptance of abandonment. Any expenses so incurred shall be borne by the Assured and the Underwriters in proportion of their respective interests.
15. No individual shall be a beneficiary under this policy, except insofar as the individual is an owner, director, officer or partner of the Assured named in the Proposal form and while acting in a capacity as such.
16. This insurance shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.

17. There shall be no abandonment to the Underwriters of any of the insured property.
18. In case of loss or damage it is understood and agreed that should the Assured acquire any right of action against any party for loss of or damage to the insured property, the Assured will assign and transfer such right of action to the underwriters and execute and deliver the customary form of subrogation agreement or loan receipt and will assign to and surrogate the Underwriter to, or will hold in trusts for the Underwriter, all rights and demands of every kind, respecting the same, to the extent of the amount paid or advanced, and will permit suit to be brought in the Assured's name at the expenses of the Underwriters. The assured agrees to co-operate fully in the prosecution of any such suit and will appear in court or otherwise at the demand of the Underwriters and at the Underwriter's request appoint the Underwriters as the Assured's attorney in fact for the purpose of pursuing any right of recovery.

#### **29. PROFIT SHARING COMMISSION**

It is agreed that on expiry and renewal with the same Underwriters:

1. From the gross premium paid shall be deducted all claims paid or outstanding.
2. 10% of the credit balance will be allowed as a profit commission hereunder.
3. There shall be no profit commission if the credit balance does not exceed 30% of the gross premium.
4. If at some later date claims are settled hereunder the profit commission will be re-adjusted.
5. When there is a deficit balance in any policy year, the amount of the deficit arrived at in accordance with the foregoing provisions shall be carried forward and set off against the resulting figures for the following two policy years. After that any outstanding balance will be cancelled and profit commission will be computed in the normal manner.

#### **20. SPECIAL EXTENSION - FIDELITY**

Notwithstanding Exclusion I of this policy and subject otherwise to the General Conditions and Exclusions contained in the Certificate cover hereunder is extended to include Loss through any act or acts of fraud or dishonesty committed by an Employee as hereinafter defined.

##### **COVER**

Underwriters will indemnify the Assured up to the Sum Insured stated in respect of all physical loss or damage of Property Insured which the Assured shall sustain resulting, directly from one or more fraudulent or dishonest acts committed by an Employee, acting alone or in collusion with others,

##### **PROVIDED ALWAYS THAT: -**

- 1) Such fraudulent or dishonest acts:-
  - (a) Are committed during the Period of Insurance and
  - (b) Are discovered during the Period of Insurance or no later than 12 months following a) the termination or expiration of this Extension or b) the death, retirement, resignation or dismissal of a defaulting Employee

##### **SUM INSURED**

GBP1,000,000 any one loss and in all.

Deductible As Per Policy Wording

EXCLUSIONS

This Extension does not cover:-

- A Loss, or that part of any loss, as the case may be, the proof of which, whether as to its factual existence or as to its amount, is dependent upon an inventory computation or a profit and loss computation alone.
- B Any Employee from and after the time that the Assured or any partner or officer thereof not in collusion with such Employee shall have knowledge or information that such Employee has committed any dishonest or fraudulent act whether such act be committed before or after the date of employment by the Assured.

DEFINITION

**Employee** shall mean any person

- A) Under a contract of service or apprenticeship with the insured or
- B) Undergoing training under any Government approved training scheme under the control of the Insured

In connection with the business

The term Employee shall include any director of the insured if such person

- A) is also employed by the Insured under a contract of service and
- B) controls more than 5% of the issued share capital of the Insured company or of any subsidiary of the Insured company.
- C) It is agreed that Messrs. Trumbo, Ducas, Fawcett, McCabe, Chalmers, Walton and Okuniev Rami, shall be considered Directors for the purposes of this policy.

MEMORANDUM

If a loss is alleged to have been caused by the fraud or dishonesty or any one or more of the Employees and the Assured shall be unable to designate the specified Employee or Employees causing such loss, the Assured shall nevertheless have the benefit of this Extension, subject to the provisions of this Extension and the policy, provided that the evidence submitted proves beyond reasonable doubt that the loss was due to the fraud or dishonesty of one or more of the said Employees, and provided further that the liability of Underwriters for such loss shall not exceed \$100,000 on the Insured hereunder.

SPECIAL CONDITIONS

1. The Special Conditions of this Extension shall be additional to the General Conditions and Exclusions appearing in the policy to which this Extension attaches save and except where they or any of the conditions of this Extension shall vary or otherwise conflict with any of the said General Conditions and Exclusions in which case and to the extent only of such variation or conflict these conditions shall prevail.
2. Immediately upon discovery of any act or acts of fraud or dishonesty by any Employee or of reasonable cause for suspicion of such act or of any want of integrity on the part of any Employee, whether giving rise to a claim under this Extension or not, the Assured shall give written notice thereof to the Underwriters and thereupon the Underwriters shall be relieved of all liability in respect of any subsequent acts of such employee.

**21. SPECIAL EXTENSION – PERSONAL JEWELLERY**

It is agreed that this policy is extended to cover Personal Jewellery as per list filed in the offices of Heath Lambert Group and this policy deductible shall not apply to this schedule.

**22. SPECIAL EXTENSION**

**Terrorism**

NMA 2551 (4.393).

It is agreed that risks of United Kingdom Terrorism are included hereunder subject to a limit of GBP 10,000,000 any one loss and in the aggregate during the annual Policy period.

**Deductible:** GBP 15,000 each and every loss.

Re-instatement of coverage held covered at additional premium to be arranged.

**23. PREMIUM PAYMENT**

As agreed.

**24. SCHEDULE OF ASSURED'S**

David Morris International Ltd  
and/or any other Subsidiary or Associated Company or Partnership of any of the above which is now or may be constituted.

**25. CONFISCATION and EXPROPRIATION WORDING**

Although Policy may be signed including the wording as below claims are to be paid as if a separate Policy on a Lloyd's J.A. form had been signed in respect of such risks.

1. (a) This Policy is to cover loss of and/or damage to the property hereby insured directly caused by confiscation, seizure, appropriation, expropriation, requisition for title or use or wilful destruction by/or under the order of the Government (whether civil, military or de facto) and/or public or local authority of the country or place in which the vessel(s)/craft/ property hereby insured are covered by the terms of this Policy.  
  
(b) Nevertheless this Policy does not cover such loss or damage by or under the order of the Government and/or public or local authority of the country or place.  
(c) In respect of such property as may be insured hereunder where limitation or exclusion of war coverage is made by the appropriate Institute War Clause such limitation or exclusion of war coverage shall also apply to this extension.
2. (a) No claim to attach hereto for any loss arising from any debt, failure to provide bond or security, or any other financial cause, whether under court order or otherwise.  
(b) No claim to attach hereto for any loss arising from the repossession of property by any titleholder, or arising out of any contractual agreement to which any Assured protected under this Policy may be a party.  
(c) No claim to attach hereto for delay, deterioration and/or loss of market.  
(d) No claim to attach hereto for any loss unless preliminary notification of the occurrence giving rise to such loss shall have been advised in writing to Underwriters as soon as practicable, and the Assured undertake at all times from the date of such preliminary notification they will do and concur in doing all thing reasonably practicable to avoid or diminish the loss and to recover the whole of the property insured by this Policy.
3. (a) Warranted that the Assured comply in all aspects with the laws (local or otherwise) of any country within whose jurisdiction the property is likely to be in the normal course of events.  
  
(b) Warranted all permits necessary for normal legal operations are obtained.

Should failure to comply with the above warranties prejudice this insurance to the extent of a loss, no liability shall attach hereunder.

4. In the event of any claim hereunder, the Assured undertake to subrogate to Underwriters the right of procedure against any other parties for the recovery of, or in respect of, the said property.
5. This Insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Policy, be insured by any other existing policy or policies except in respect of any excess beyond the amount which would have been payable under such other policy or policies has this Insurance not been effected.
6. Underwriters subscribing to this Insurance hereby agree that if a new Government is installed in any place and after becoming the recognised or de facto Government of the place proceeded to confiscate or expropriate property by Government action by decree or other legislation or otherwise they would settle a loss if it fell under the terms of the Policy wording of this Insurance.  
Underwriters subscribing hereto acknowledge and accept that the Government might have been 'installed' by force or armed revolt.

JW 21/5/03  
A/02 ✓  
13/01/01

Interested Insurers per  
 Heath Lambert Group Limited  
 Friary Court  
 Crutched Friars  
 London EC3N 2NP

Our Ref: TT974/1201/MD/CH  
 Your Ref: R Simmons

25th February 2002

FINAL REPORT ON THEFT CLAIM

<u>CERTIFICATE NUMBER:</u>	<u>INSTRUCTING OFFICE REF:</u>			
Not advised	Not advised			
<u>NAME AND ADDRESS OF ASSURED:</u>	David Morris International Limited and/or for whom they have instructions or authority to insure 180 New Bond Street London W1S 4RL			
<u>LOCATION OF LOSS:</u>	180 New Bond Street London W1S 4RL			
<u>BUSINESS:</u>	Retail jewellers			
<u>VAT STATUS OF ASSURED:</u>	Taxable			
<u>TIME, DAY AND DATE OF LOSS:</u>	Approximately 11.15 am Saturday, 29th December 2001			
<u>NATURE AND EXTENT OF LOSS:</u>	Diamond necklace, rings and diamond bracelet watch			
<u>WARRANTIES/LIMITS:</u>	None applicable			
<u>POLICE:</u>	Notified to West End Central police and Flying Squad – see report			
<u>AMOUNT OF CLAIM:</u>	As adjustment			
<u>ADJUSTMENT:</u>	\$2,498,807.38 and £50,245.58 (net of \$50,000 deductible)			
<u>ITEM:</u>	<u>INTEREST:</u>	<u>SUM ASSURED:</u>	<u>EXCESS:</u>	<u>ADJUSTED LOSS:</u>
-	Stock at 180 New Bond Street	£10m a.o.l.	\$50,000	\$2,498,807.38 £ 50,245.58

Please note our new address from Monday 28<sup>th</sup> January 2002:  
 Studio 25, 1 Adler Street, Aldgate, London, E1 1EG

We refer to our preliminary report dated 10th January and further to Underwriters instructions received by e-mail on 16th January and subsequently we proceeded to verify the claim and agree settlement to conclude the claim.

We now report finally as follows:-

**POLICE AND OTHER ENQUIRIES:**

We have been raising further with Flying Squad officers dealing with this matter as advised in our preliminary report but currently regret to advise no clear progress in arresting the thieves nor recovery of any of the property. The officers concerned have three potential suspects and more detailed enquiries are in hand. The initial DNA analysis obtained from the blood sample and from the discarded McDonalds hamburger left in the escape vehicle, has enabled the police to obtain some 'profiles' which are now in circulation and being extended internationally. In addition, a reconstruction of the event was undertaken for Crimewatch UK and screened on 13th February last. Although there have been a number of calls from the public, these are still being investigated further but we understand none have firmly identified either of the two criminals involved.

The case continues to receive active consideration by the Flying Squad officers and we shall of course advise Underwriters immediately there are any developments, particularly in the event of a potential recovery.

**CLAIM AND ADJUSTMENT:**

The Assured provided us with copies of their computerised stock book records from the outset, showing the cost price of the stones and the cost of labour and materials in the manufacture of the rings and necklace etc. The former was calculated exclusively in US Dollars and totalled \$1,960.621.28 and the latter totalled £38,650.45.

We carried out an audit of the amounts from the supporting documentation, extrapolating from copies of the original invoices, together with a sample of the internal time sheets of the self-employed cutters, polishers etc, working on the Assured's premises, all the amounts which effectively verified the accuracy of the computer records. Thus we were able to confirm that the historic cost price in US Dollars of the diamonds in the necklace, seven rings and the watch (which latter included the watch mount and gold bracelet) as follows:-

Stock ref:	Description	Principal stones	Secondary stones	Total
738	Necklace	372,544.80(13)	257,131.53(68)	629,676.33
849	Ring	111,500.00	2,459.99	113,959.99
307	Ring	51,849.03	1,202.00	53,051.03
037	Ring	319,000.00	16,335.76	335,335.78
469	Ring	136,004.00	7,395.34	143,399.34
284	Ring	35,611.49	103.00	35,714.49
002	Ring	256,000.00	1,324.87	257,324.87
365	Ring	374,400.00	659.45	375,059.45
359	Watch*	11,600.00	5,500.00	17,100.00
				\$1,960,621.28

\* includes white gold bracelet and DM watch mount

As far as the necklace was concerned, this piece had been made up by the Assured following their purchase of an old diamond necklace from Gemcut S.A. of Geneva on 8th July 2000 for \$325,000. This necklace had contained 10 pear shape stones and 54 other diamonds. The Assured purchased 3 more pear shape stones for a total of \$47,544.80 together with 14 further diamonds to add to the original 54 stones at a cost of \$333,905.25. However, this was \$8,905.25 more than shown on the computerised stock book record as the cost price of the stones had been offset by 3 diamonds included on the computer stock record at nil cost. Thus, the total cost of the 13 pear shape diamonds was \$372,544.80 and the cost of the 68 smaller diamonds \$257,131.53 producing the accurate total, therefore, of \$629,676.33.

The ring, stock reference 284, comprised a 4.02 ct stone, recorded on the computer stock book record at \$8,858.58 per carat, i.e. \$35,611.49. This did not relate to the purchase invoice as this was one of 6 stones purchased for a total of \$172,550 for 20.51 cts, i.e. \$8,563.27 per carat. We ascertained, however, that the difference of \$1,187.15 comprised the cost of the GIA certificate at \$336.50 but, nevertheless, was still \$850.65 more than the cost price. This arose because the Assured re-valued this 4.02 ct stone at \$8,775 per carat, i.e. \$850.65 more, as it transpired on receipt to be a better quality stone than the others purchased in the parcel for \$172,550.

Similarly, stock reference 307, another ring with a 4.04 ct stone was another of the 6 stones purchased in this parcel for \$34,595.61, but entered into the stock book records at \$50,681, an increase of \$16,085. This stone had also been re-valued but, after it had been re-cut and polished which reduced its weight. In fact, five of the six stones had been re-cut and ascribed different values, but the increased values were to a large degree offset by one stone which was re-valued downward significantly to \$5,785 per carat from \$8,563.27 per carat and furthermore the total weight of all six stones after re-cutting had been reduced from 20.15 to 19.2 cts in total. Thus, the overall difference was marginal and the computerised stock book record, therefore, reflected the current cost price of these two stones immediately after purchase, since the historic cost price had changed as a result of re-cutting. It was agreed therefore that the historic invoice cost was not correct in terms of representing the Assured's cost price. The subsequent computerised stock book record showing the revised and, therefore, current cost price after purchase was an accurate cost price in terms of applying the basis of settlement under the policy.

This nevertheless highlights the need for the Assured to allow for their cost price to reflect the current cost price at the time of purchase as opposed to the historic cost price – which position can be of much more significant consequence where the Assured have purchased either an uncut stone or have re-cut/polished another large stone purchased advantageously, with the result that they have considerably enhanced its value.

The cost price of the stones for the David Morris diamond set watch incorporated the white gold bracelet and the watch mount and has been included within this category as the watch and bracelet is supplied made up by Bosman Joaillerie of Paris. Their invoice of 17th November 2000 evidenced the costs of the diamond set bracelet at \$11,800 and the diamond set watch mount at \$5,500.

The invoices for the stones in the other rings not referred to above were all verified precisely there being no arithmetical errors.

Accordingly, we agreed the total cost price of the diamonds at £1,960,621.28.

Insofar as the costs of labour and materials were concerned, again from an analysis of invoices from outworkers and self-employed staff working at the Assured's premises, we verified the total costs broken down as follows for each item:-

Stock	Desc.	Metal	Cut	Polish	Mount	Setting	Overhead	Total
768	Necklace	1177.50	45.00	500.00	6340.76	2865.34	11365.75	22294.95
349	Ring	150.00	25.00	25.00	528.24	58.00	354.32	1672.56
307	Ring	144.00	-	-	615.30	130.00	966.79	1856.10
037	Ring	256.00	300.00	50.00	1040.00	310.00	850.00	2806.00
469	Ring	102.00	-	25.00	495.63	70.00	560.44	1253.07
284	Ring	340.00	-	25.00	1390.63	148.00	1917.72	3821.35
002	Ring	90.00	-	45.00	855.95	756.00	1624.47	3371.42
365	Ring	118.00	-	32.50	500.00	196.00	728.50	1575.00
								36650.45

The overhead costs are calculated at 50% of the labour cost for work done by self-employed polisher, setters, cutters etc., who work in the Assured's own workshop and is calculated to reflect a proportion of the overheads of running the workshop in terms of space, heat, electricity etc. those self-employed workers invoices for each job being discounted to reflect the facilities available to them. Insofar as those craftsmen employed directly by the Assured, primarily the mounters/designers, the labour cost is calculated at an hourly rate and the overhead cost similarly but separately calculated at an hourly rate. This accounting function reasonably reflects the total cost price to the Assured for the work being undertaken at their own premises and would be comparable to the cost of sub-contracting the work to outworkers entirely, which cost would necessarily incorporate a profit margin. Clearly, as can be seen, the major item concerned the necklace which involved de-mounting the old original necklace from which it was largely formed and re-making/designing 81 individual mounts to set each stone, which together with the metal, cutting, polishing and setting to include the overhead cost averaged £275.24 per stone.

In any event, we were satisfied that all costs entered into the Assured's stock book computer records for labour and materials were accurate from the internal documentation available, apart from a few cases where incorrect figures had been input into the computer but which resulted in inconsequential differences amounting to a few pence

Accordingly, we were satisfied that the total labour and materials costs were accurate at the sum of £38,650.45.

#### Calculation of settlement:

The policy provides for the cost price, with an uplift of 30% and with a deductible of £40,000 or \$50,000. In respect of the latter, whereas it was in fact more equitable for 50% of the Dollar deductible to be applied to the Dollar costs and 50% of the Sterling deductible to be applied to the Sterling costs, the Assured elected to have the Dollar deductible applied to the Dollar settlement in full. Due to the difference in exchange rates at present this was marginally disadvantageous to the Assured, but reflected

the necessity to both replace the stock of diamonds and to pay their carriers in the stores in Dollars.

As a consequence settlement of the claim was agreed as follows:-

1. US Dollar cost of diamonds:

<u>Total cost price</u>	<u>30% uplift</u>	<u>Total</u>
\$1,960,621.28	\$588,186.30	\$2,548,807.38
less deductible at US\$50,000		\$50,000.00
		<u>\$2,498,807.38</u>

2. Sterling cost of labour and materials:

<u>Cost</u>	<u>30% uplift</u>	<u>Total</u>
£38,650.45	£11,595.13	£50,245.58

At current exchange rates of approximately \$1.41, we calculate the total settlement in Sterling to be approximately £1,822.450.

**RECOMMENDATIONS FOR PAYMENT:**

Settlement of this claim has been agreed in accordance with Underwriters' instructions and, following verification of the amounts, in the sums of \$2,498,807.38 and £50,245.58. A signed Form of Acceptance was forwarded to Messrs Heath Lambert by facsimile on 23rd January 2002 and, we understand, that payment has now been made to the Assured.

Additionally, we have received full settlement of our own fee and expenses for which we are obliged and, pending any developments by police and, more particularly, a recovery of any of the property, we are now closing our file, although obviously in the latter event, we shall advise Underwriters immediately.

Finally, we attach hereto the original signed Form of Acceptance, with attached schedule and payment authority for Insurers' records.

Mark Dalrymple  
TYLER & COMPANY

TYLER & C

MARKETED LOSS ADVICE

Our Ref: TTBT4/12G1MD.CW

To Interested Insurers per  
Health Lambert Group Limited

T

**FORM OF ACCEPTANCE**  
**DAVID MORRIS INTERNATIONAL LIMITED – POLICY NO. NA3471501**

Subject to your approval and to the terms and conditions of the policy we hereby agree to accept the sum of **TWO MILLION FOUR HUNDRED AND NINETY EIGHT THOUSAND, EIGHT HUNDRED AND SEVEN U.S. DOLLARS AND THIRTY EIGHT CENTS AND FIFTY THOUSAND, TWO HUNDRED AND FORTY FIVE POUNDS, FIFTY EIGHT PENCE** in full satisfaction and discharge of all claims under the above policy occasioned by and consequent upon theft of diamond necklace, six diamond rings and diamond mounted watch, in accordance with the attached schedule, which occurred from 180 New Bond Street, London ~~W1S~~ 4RL on or about Saturday, 29th December 2001.

We agree that upon payment of the said sum by the Interested Insurers they will become subrogated to all our title, rights and interests in the items subject of the attached schedule and in any damages or monies recoverable in respect thereof in respect of salvage or otherwise howsoever.

We hereby authorise the Interested Insurers to use our name for the purpose of any claim, legal proceedings or other measures in respect of the said loss or for the recovery of any damages or monies relating thereto.

We undertake to do and concur in doing all such acts and things as may be required for the purpose of enforcing any rights or remedies or of obtaining relief or indemnity in respect of such loss, the Underwriters' at Lloyd's undertaking to indemnify us against all costs and expenses in respect thereof.

We declare that there are no other insurances effected on the said property by us or by any other person except as above mentioned.

\$2,498,807.38

and

£50,245.58

Signed

For and on behalf of  
David Morris International Limited and/or for whom they insure  
24-25 New Bond Street  
London W1Y 3HD

Date

Please note our new address from Monday 23rd January 2002. Telephone, fax and E-mail remain unchanged.  
24-25 New Bond Street, London W1Y 3HD

For further information please contact David Morris International Limited, 24-25 New Bond Street, London W1Y 3HD, Tel: +44 1992 633333, Fax: +44 1992 633334, Email: [info@tyler.com](mailto:info@tyler.com)

SCHEDULE OF STOLEN JEWELLERY AND WATCH  
ATTACHING TO FORM OF ACCEPTANCE

COST PRICE			
Stock No.	Description	Sterling	US Dollars
10-01-788	Platinum 2-row necklace with 13 pear-shaped diamonds and 68 round diamonds	£22,950.79	\$ 529,676.33
11-21-849	Platinum ring with 6 21ct emerald cut diamond	£ 1,672.56	\$ 113,959.99
11-31-307	Platinum ring with 4 04ct emerald cut diamond	£ 1,856.10	\$ 53,051.03
11-31-037	Platinum ring with 9.05ct oval diamond	£ 2,806.00	\$ 335,335.78
11-11-469	18ct gold ring with 5.62ct pear-shaped diamond	£ 1,253.07	\$ 143,399.34
11-31-284	Platinum signet ring with 4 02ct emerald cut diamond	£ 3,821.35	\$ 35,714.49
11-31-002	Platinum ring with 10.07ct diamond	£ 3,371.42	\$ 257,324.87
11-31-365	Platinum ring with yellow Asscher cut 7.2ct diamond	£ 1,575.00	\$ 375,059.45
12-14-359	Diamond set David Morris watch on diamond set white gold bracelet	£38,650.45	\$ 17,100.00
			<u>\$1,960,621.28</u>

DAVID MORRIS INTERNATIONAL

ROBBERY - NEW BOND STREET 29/12/2001

STOCK OF TAN S

NUMBER	BRIEF DESCRIPTION	COST POUNDS	COST US DOLLARS	PARTNER SHARE US DOLLARS	RETAIL POUNDS
10101-768	PEAR SHAPED DIAMOND NECKLACE	22,294.95	629,676.33	133,562.10 THREE-THIRTEEN	1,329.00 00
→ 11-21-845	EMERALD CUT DIAMOND 6.21CT RING	1,672.56	113,959.99	55,750.00 FORTY-FIVE-THREE	190.00 00
11-31-307	EMERALD CUT DIAMOND 4.04CT RING	1,856.10	53,051.03	5,033.09 ONE-THREE	44.00 00
11-31-307	OVAL DIAMOND 9.06CT RING	2,806.00	335,335.78	159,500.00 ONE-HUNDRED-FIFTEEN	394.00 00
11-31-469	PEAR SHAPED DIAMOND 5.62CT RING	1,253.07	143,399.34	35,714.49	1,101.00 00
11-31-284	SQUARE EMERALD CUT DIAMOND 4.02CT RING	3,821.35	3,456.88 ONE-THREE	1,047.00 00	1,047.00 00
11-31-602	EMERALD CUT DIAMOND 10.07CT RING	3,371.42	257,324.87	127,939.99 ONE-HUNDRED-TWENTY-SEVEN	1,247.00 00
11-31-363	ASSCHER CUT DIAMOND 7.02CT RING	4,575.00	375,059.45	149,750.00 ONE-HUNDRED-NINETY-NINE	1,540.00 00
11-34-769	DIAMOND SET BRACELET WATCH		17,100.00	5,100.00 ONE-THREE	1,000.00 00
	TOTALS	<u>38,650.45</u>	<u>1,966,621.28</u>	<u>636,062.06</u>	<u>3,841,000.00</u>

**GLASSBOROW, Martin**

**From:** GLASSBOROW, Martin  
**Sent:** 24 July 2006 09:25  
**To:** 'dalrymple@tylerandco.uk.com'  
**Cc:** 'Rebecca Simonds'  
**Subject:** RE: David Morris - Recovery of stolen diamond Your Ref T7974/1201

Mark, good morning to you

I refer you to the captioned claim, and confirm this diamond was stolen during the robbery on 29th December 2001, your report dated 10th January 2002 listed this on page 7, the stock reference being 11-21-849, emerald cut diamond 6.21ct ring, value \$113,959.99. With the 30% uplift the settlement amount for the ring would have been \$148,147.98.

I spoke again to Ivy Cutler at GIA on 19th July, who is keen to see the item returned to its owner. Her contact number is 001 212 221 5858 ex 3539.

I will call you later to discuss the handling of this

All the best

Martin

-----Original Message-----

From: Stephen Roach [mailto:[Stephen.Roach@marlborough.co.uk](mailto:Stephen.Roach@marlborough.co.uk)]  
Sent: 19 July 2006 13:40  
To: Dalrymple@tylerandco.uk.com  
Cc: SIMMONS, Robert; GLASSBOROW, Martin; Les Turner  
Subject: David Morris - Recovery of stolen diamond

Mark,

Further to our conversation of the 17th July, concerning the above and apologies for not providing the details sooner.

As discussed, It has been reported that a diamond has been recovered, that may be part of the jewellery stolen from the Bond Street premises on 29th December 2001. Underwriters should be grateful if you could ascertain the current position and report on the recovery prospects. Please refer to attached files showing recovery details.

<<DMI Rec File A.pdf>> <<DMI Rec File B.pdf>> <<DMI Rec File C.pdf>>

Please copy response to Broker so that the following market can be kept advised.

Best Regards,

Stephen Roach  
Marlborough Underwriting Agency Ltd  
Tel. No. 020 7456 1834  
Fax No. 020 7456 1850

Noted. await  
response from  
Advocate, 21/7/06.

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We advise you to carry out your own virus check before opening any attachment, as we cannot accept liability for any damage sustained as a result of any software viruses or other cause.

Marlborough, Tenecom and BHILL are Authorised and Regulated by the Financial Services Authority

P.01

2127193097

22-JUN-2006 17:01

**GIA**GEMOLOGICAL INSTITUTE OF AMERICA  
Laboratory

RECEIVED  
23 JUN 2006

New York Headquarters  
580 Fifth Avenue Suite 200 | New York NY 10036-47  
T: 212-221-5858 | F: 212-575-3098  
Carlsbad  
5655 Armada Drive | Carlsbad CA 92008-4699  
T: 760-603-4560 | F: 760-603-1814  
[www.gia.edu](http://www.gia.edu)

**FAX COVER**

DATE: 6-22-06

NUMBER OF PAGES  
INCLUDING COVER:

3

T: 0201 560 3625.

F:

T:

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CC:

RE:

 URGENT/RESPOND ASAP PLEASE REVIEW/COMMENT FOR YOUR INFORMATION

Les Turner, Marlborough  
7456 1826 Awards file.

22  
6

Stolen tagged  
from '02

**DAVID MORRIS**  
INTERNATIONAL LIMITED

4th Floor, 24-25 New Bond Street, London W1S 2RR  
Telephone: 020-7495 4857 • Fax: 020-7495 1194

3<sup>rd</sup> January 2002

Mr Bruce Moriarty  
Director of Security  
GIA  
580 Fifth Avenue  
New York  
New York 10036  
USA

Dear Mr Moriarty

Further to a robbery in our London store on the 30<sup>th</sup> December 2001, few items of jewellery were stolen.

Please find attached the list of the diamonds with GIA certificates.

We would very much appreciate if you would register these stones on your stolen database.

Detective Inspector Jonboucher is in charge of the police enquiry.

Mobile no. 00 44 7771 676 398  
Telephone no. 00 44 20 8247 7869  
Fax no. 00 44 20 8247 7891

The police file No : CRIS 64228051 01

Thank you very much for your co-operation.

Yours sincerely,

Nathalie Toulic  
Export Manager

Claim amount: \$113,959.99  
Plus 30% *(341,879.97)*

2001

Shape	Carat	Colour/clarity	GIA cert No.	Date of GIA cert.
Pear shape	6.60	ct F VS2	11183943	6.14.00
Pear shape	3.12	ct E VS1	10545261	1.25.99
Pear shape	3.02	ct D VS1	11010485	01.14.00
Pear shape	3.02	ct E VVS2	10624248	03.04.99
Pear shape	2.15	ct E IF	11047911	02.17.00
Pear shape	1.59	ct E VS1	11117246	06.14.00
Pear shape	1.51	ct F IF	10763334	08.06.99
Pear shape	1.5	ct F VS1	11150208	05.10.00
Pear shape	1.13	ct D VS2	11117285	06.12.00
Pear shape	1.04	ct D VS1	11018740	01.31.00
Pear shape	1.01	ct E IF	11079504	04.03.00
Brilliant cut	1.06	ct F I/F	NY121288	4.26.77
Brilliant cut	1.10	ct G I/F	NY130043	7.06.77
Brilliant cut	1.18	ct F I/F	NY219481	1.12.79
Brilliant cut	1.18	ct F I/F	NY118358	5.24.77
Brilliant cut	1.20	ct F I/F	LX804405	02.26.77
Brilliant cut	1.42	ct F I/F	NY106617	9.08.76
Brilliant cut	1.58	ct F I/F	NY124254	6.02.77
Brilliant cut	1.66	ct G I/F	NY135977	10.28.77
Brilliant cut	1.01	ct G i/F	NY102326	4.6.76
Brilliant cut	1.04	ct G I/F	NY128915	8.30.77
Brilliant cut	1.07	ct G I/F	NY201690	8.31.78
Brilliant cut	1.10	ct H I/F	5007372	3.29.83
Brilliant cut	1.16	ct E I/F	NY131871	8.19.77
Brilliant cut	1.19	ct F I/F	NY214192	12.15.78
Brilliant cut	1.21	ct F I/F	NY117813	1.26.77
Brilliant cut	1.34	ct G I/F	NY125441	6.1.77
Brilliant cut	1.38	ct F I/F	NY117723	1.17.77
Brilliant cut	1.49	ct G I/F	LX804842	3.10.77
Brilliant cut	1.64	ct F I/F	NY100534	3.2.76
Brilliant cut	1.68	ct G I/F	NY122161	3.30.77
Q.F				
Emerald cut	10.01	ct EVVS1	11367535	12.12.00
Emerald cut	6.21	ct EVVS1	[REDACTED]	10.16.00
Emerald cut	7.2	ct Natural fancy vivid yellow VVS1	11053797	03.01.00
Emerald cut	4.02	ct ESI1	11693569	09.17.01
Emerald cut	4.04	ct DVS1	11671016	08.13.01

**DLA PIPER RUDNICK  
GRAYCARY**

**DLA Piper Rudnick Gray Cary US LLP**  
1251 Avenue of the Americas  
New York, New York 10020-1104  
212.335.4500  
T 212.335.4501  
F N  
W [www.dlapiper.com](http://www.dlapiper.com)

27 JUL 2006

HLG-CL-A-10

CAPRICCI G. BILANDAL  
[capricci.bilandal@dlapiper.com](mailto:capricci.bilandal@dlapiper.com)  
T 212.335.4638 F 212.884.8538

July 24, 2006

**BY FEDERAL EXPRESS**

Mr. Martin Glassborow  
Heath Lambert Group  
Friary Court, Crutched Friars  
London, EC3N 2NP

**Re: 6.21 Carat Diamond – Laser Registry GIA 11326214**

Dear Mr. Glassborow:

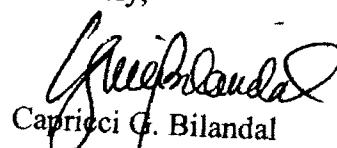
We are attorneys for Gemological Institute of America (“GIA”).

GIA has received from David Morris International, through its insurer, the Heath Lambert Group, a claim of ownership with respect to the above-referenced diamond (the “Diamond”), which was submitted to GIA by another GIA client (the “Submitting Client”), which also claims to be the rightful owner of the Diamond.

In an effort to facilitate resolution of these competing claims of ownership, we hereby request David Morris International’s consent to disclose to the Submitting Client David Morris International’s identity and contact information, and that of the Heath Lambert Group. We are requesting similar permission from the Submitting Client.

Please confirm the foregoing consents by countersigning and returning to us (by facsimile, if you prefer) a copy of this letter. Thank you.

Sincerely,



Capricci G. Bilandal

CONSENTED TO THIS \_\_\_\_ DAY OF \_\_\_\_, 2006  
THE HEATH LAMBERT GROUP

BY: \_\_\_\_\_

CONSENTED TO THIS \_\_\_\_ DAY OF \_\_\_\_, 2006  
DAVID MORRIS INTERNATIONAL

BY: \_\_\_\_\_



VIA FACSIMILE AND ELECTRONIC MAIL

**DLA Piper US LLP**  
1251 Avenue of the Americas, 29th Floor  
New York, New York 10020-1104  
[www.dlapiper.com](http://www.dlapiper.com)

Capricci Barush  
[capricci.barush@dlapiper.com](mailto:capricci.barush@dlapiper.com)  
T 212.335.4638  
F 212.884.8538

January 24, 2007

Robert L. Tucker, Esq.  
Tucker & Latifi, LLP  
160 East 84th Street  
New York, NY 10028  
(212) 472-6262  
(212) 744-6509 fax  
(917) 741-1414 cell  
[rtucker@tuckerlatifi.com](mailto:rtucker@tuckerlatifi.com)  
*Counsel for Jay Waldmann*

Mr. Jeremy Morris  
Ms. Nathalie Toullie  
David Morris International Limited  
Fourth Floor, 24-25 New Bond Street  
London W1S2RR  
(020) 7499 2200  
(020) 7495 1194 (fax)  
[jeremy@davidmorris.com](mailto:jeremy@davidmorris.com)

**Re: 6.21 Carat Diamond – Laser Registry GIA 11326214 and 14592676**

Gentlemen:

We are attorneys for the Gemological Institute of America, Inc. ("GIA").

GIA has received from each of Jay Waldmann ("Waldmann") and David Morris International Limited ("David Morris"), competing claims of ownership with respect to the above-referenced diamond, which was submitted to GIA by Beny Sofer, on behalf of Waldmann, but for which David Morris also claims to be the rightful owner.

Please be advised that if, within thirty (30) days from the date of this letter, David Morris, does not (a) resolve with Waldmann these competing claims of ownership, or (b) obtain a directive from law enforcement or an order, from a court having jurisdiction over GIA directing GIA to hold the diamond or to deliver it to a third-party, then GIA will consider returning the diamond to Waldmann, as the party who delivered the diamond to GIA.

Please be guided accordingly.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Capricci Barush'.

Capricci Barush

cc: Gemological Institute of America  
Todd B. Marcus, Esq.